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## Westly Applauds Assembly Passage of Abusive Tax Shelter Bill

*Initial Program Netted \$1.4 Billion Windfall Without Raising Taxes and Cutting Vital Services*

**SACRAMENTO** – State Controller and Franchise Tax Board Chair Steve Westly issued the following statement in response to yesterday’s Assembly vote to approve **AB 2344**, which Controller Westly sponsored and Assemblymember Judy Chu (D-Monterey Park) authored. The bill would clamp down on people and companies using abusive tax shelters and the program would bring in an estimated \$500 million to the State:

“By clamping down on tax cheats, we’ve brought \$4.8 billion in to the State without raising a nickel in taxes. This bill takes our campaign against tax cheats to the next level.

“We must ensure people and companies in abusive tax shelters pay what they owe before we ask honest taxpayers to pay more. Vital services and programs shouldn’t be on the budget chopping block because tax cheats are taking advantage of the system.

“I commend Assemblymember Chu’s leadership in working with me to aggressively pursue tax cheats. I urge the Senate to swiftly pass this important legislation.”

**AB 2344** would require the Franchise Tax Board to develop and administer a second Voluntary Compliance Initiative (VCI 2). VCI 2 would push individuals and businesses that used abusive tax shelters to pay what they owe plus interest. The bill also increases penalties on tax cheats. The bill passed out of the Assembly on a 45-34 vote. The initial VCI program brought in 1.4 billion – despite a projection that said the program would raise only \$90 million.

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